

AKRON-WESTFIELD
COMMUNITY SCHOOL DISTRICT

Akron, Iowa

Independent Auditor's Reports
Basic Financial Statements and Supplemental Information
Schedule of Findings

June 30, 2014

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT

TABLE OF CONTENTS

OFFICIALS		<u>Page</u> 1
INDEPENDENT AUDITOR'S REPORT		2-3
MANAGEMENT'S DISCUSSION AND ANALYSIS		4-13
BASIC FINANCIAL STATEMENTS	<u>Exhibit</u>	
Government-Wide Financial Statements:	A	14
Statement of Net Position	B	15-16
Statement of Activities	C	17
Governmental Fund Financial Statements:		
Balance Sheet		
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of		
Net Position	D	18
Statement of Revenues, Expenditures and Changes in Fund Balances	E	19
Reconciliation of the Statement of Revenues, Expenditures and Changes	F	20
in Fund Balances - Governmental Funds to the Statement of Activities		
Proprietary Fund Financial Statements:		
Statement of Net Position	G	21
Statement of Revenues, Expenses and Changes in Fund Net Position	H	22
Statement of Cash Flows	I	23
Fiduciary Fund Financial Statements:	J	24
Statements of Fiduciary Net Position		
Notes to Financial Statements		25-38
REQUIRED SUPPLEMENTARY INFORMATION:		
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and		39-40
Changes in Balances - Budget and Actual - All Governmental Funds		
and Proprietary Fund		
Notes to Required Supplementary Information - Budgetary Reporting		41
Schedule of Funding Progress for the Retiree Health Plan		42
OTHER SUPPLEMENTARY INFORMATION:	<u>Schedule</u>	
Nonmajor Governmental Funds:		
Combining Balance Sheet	1	43
Combining Statement of Revenues, Expenditures and Changes in Fund	2	44
Balances		
Capital Project Accounts:		
Combining Balance Sheet	3	45
Combining Statement of Revenues, Expenditures and Changes	4	46
in Fund Balances		
Schedule of Changes in Special Revenue Fund, Student Activity Accounts	5	47
Schedule of Changes in Fiduciary Assets and Liabilities - Agency Funds	6	48
Schedule of Revenues by Source and Expenditures by Function -	7	49
All Governmental Funds		
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL		50-51
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN		
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH		
GOVERNMENT AUDITING STANDARDS		
SCHEDULE OF FINDINGS		52-54

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT

OFFICIALS

JUNE 30, 2014

BOARD OF EDUCATION
(After September 2013 Election)

Jim Black	President	2015
Nick Schoenfelder	Vice President	2017
Phil Parks	Board Member	2017
Bobbi Walrod	Board Member	2017
Jodi Thompson	Board Member	2015
Roger Oetken	Board Member	2015
Deb Jordt	Board Member	2015

SCHOOL OFFICIALS

Randy Collins	Superintendent	2014
Jodi Ryan	Board Secretary/Treasurer	2014
James Hanks	Attorney	Indefinite



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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
Akron-Westfield Community School District
Akron, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the Akron-Westfield Community School District, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the Akron-Westfield Community School District as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the schedule of funding progress for the retiree health plan on pages 4 through 13 and 39 through 42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information included in Schedules 1 through 7 is presented for purposes of additional analysis and is not a required part of the financial statements.

The other supplementary information is the responsibility of management and is derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated February 4, 2015 on our consideration of the Akron-Westfield Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Akron-Westfield Community School District's internal control over financial reporting and compliance.

Williams & Company, P.C.
Certified Public Accountants

Le Mars, Iowa
February 4, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

Akron-Westfield Community School District (the District) provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2014. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2014 Financial Highlights

General Fund revenues increased from \$5,376,258 in fiscal year 2013 to \$5,707,634 in fiscal year 2014, and General Fund expenditures increased from \$5,311,375 in fiscal year 2013 to \$5,632,215 in fiscal year 2014. The District's General Fund balance increased from \$1,624,337 in fiscal year 2013 to \$1,779,581 in fiscal year 2014, a 9.6 percent increase.

The increase in the General Fund balance was due to conservative spending and revenue raising measures, such as operational sharing, implemented by the district. There was also a slight increase in student enrollment which impacts total funding received.

Using This Annual Report

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The government-wide financial statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of the District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which the District acts solely as an agent or custodian for the benefit of those outside of the District.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Other Supplementary Information provides detailed information about the Capital Project Funds and other nonmajor governmental funds.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

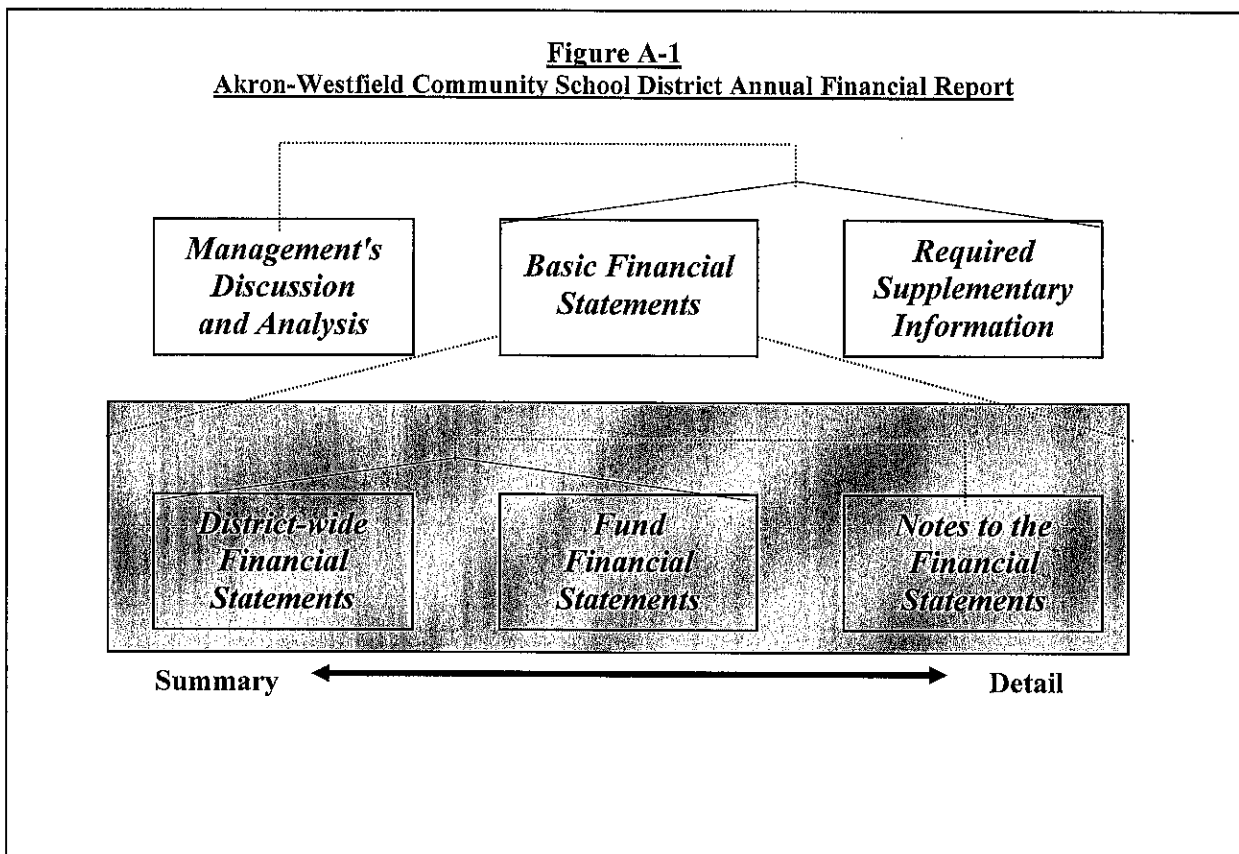


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

<p align="center">Figure A-2 Major Features of the Government-Wide and Fund Financial Statements</p>				
	Government-Wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and adult education	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses and changes in fund net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary assets and liabilities
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

Reporting The District's Financial Activities

Government-Wide Financial Statements - The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net position and how they have changed. Net position - the difference between the District's assets and liabilities - is one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- Governmental activities: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- Business-type activities: The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

Fund Financial Statements - The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has three kinds of funds:

- 1) Governmental funds: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) Proprietary funds: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Fund, one type of proprietary fund, is the same as its business-type activities, but provides more detail and additional information, such as cash flows. The District's Enterprise Fund is the School Nutrition Fund.

The required financial statements for proprietary funds include a statement of net position, a statement of revenues, expenses and changes in fund net position and a statement of cash flows.

- 3) Fiduciary funds: Fiduciary funds are custodial in nature and are used to account for funds held by the District on behalf of someone else. The District's agency funds include the athletic boosters account and the employee flex account.

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds include a statement of fiduciary net position and a statement of changes in fiduciary net assets and liabilities, if applicable.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

Government-Wide Financial Analysis

Figure A-3 below provides a summary of the District's net position at June 30, 2014 compared to June 30, 2013.

Figure A-3 (In Thousands)
Condensed Statement of Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total District</u>		Total Percentage Change
	2013	2014	2013	2014	2013	2014	
Current and other assets	\$ 5,776	\$ 5,809	\$ 137	\$ 159	\$ 5,913	\$ 5,968	0.93%
Capital assets	<u>4,110</u>	<u>4,694</u>	<u>33</u>	<u>55</u>	<u>4,143</u>	<u>4,749</u>	<u>14.63%</u>
Total assets	<u>9,886</u>	<u>10,503</u>	<u>170</u>	<u>214</u>	<u>10,056</u>	<u>10,717</u>	<u>6.57%</u>
Long-term debt							
Outstanding	1,001	725	6	5	1,007	730	-27.51%
Other liabilities	<u>701</u>	<u>1,364</u>	<u>5</u>	<u>7</u>	<u>706</u>	<u>1,371</u>	<u>94.19%</u>
Total liabilities	<u>1,702</u>	<u>2,089</u>	<u>11</u>	<u>12</u>	<u>1,713</u>	<u>2,101</u>	<u>22.65%</u>
Deferred Inflows of Resources	<u>2,174</u>	<u>2,271</u>	<u>-</u>	<u>-</u>	<u>2,174</u>	<u>2,271</u>	<u>4.46%</u>
Net Position:							
Net investment in							
capital assets	3,760	4,103	33	55	3,793	4,158	9.62%
Restricted	1,098	718	-	-	1,098	718	-34.61%
Unrestricted	<u>1,152</u>	<u>1,322</u>	<u>126</u>	<u>147</u>	<u>1,278</u>	<u>1,469</u>	<u>14.95%</u>
Total net position	<u>\$ 6,010</u>	<u>\$ 6,143</u>	<u>\$ 159</u>	<u>\$ 202</u>	<u>\$ 6,169</u>	<u>\$ 6,345</u>	<u>2.85%</u>

The District's combined net position increased by \$176,132 over the prior year. The governmental activities increased \$133,738 and the business-type activities increased \$42,394. The increase in the governmental activities was primarily due to an increase in open enrollment revenue.

The increase in the business-type activities was due to the increase in district revenue received in fiscal year 2014.

Net investment in capital assets represents land, infrastructure, buildings and equipment less the related debt which is liquidated with resources other than capital assets.

Restricted net position represent resources subject to external restrictions, constructional provisions or enabling legislation on how they can be used.

Unrestricted net position represent resources that can be used to finance day to day operations without constraints established by debt covenants, enabling legislation or other legal requirements.

Figure A-4 shows the changes in net position for the year ended June 30, 2014 compared to the year ended June 30, 2013.

Figure A-4 (In Thousands)
Change in Net Position from Operations

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total District</u>		Total
	2013	2014	2013	2014	2013	2014	Percentage Change
Revenues:							
Program Revenues:							
Charges for services	\$ 916	\$ 1,004	\$ 204	\$ 223	\$ 1,120	\$ 1,227	9.55%
Operating grants, contributions and restricted interest	801	788	121	145	922	933	1.19%
Capital grants, contributions and restricted interest	1	41	-	-	1	41	4000.00%
General revenues:							
Property tax	2,121	2,173	-	-	2,121	2,173	2.45%
Local surtax	232	118	-	-	232	118	-49.14%
State sales, service and use tax	433	410	-	-	433	410	-5.31%
Unrestricted state grants	2,109	2,493	-	-	2,109	2,493	18.21%
Investment earnings	10	5	-	-	10	5	-50.00%
Gain on disposal of capital assets	-	34	-	-	-	34	100.00%
Gain on disposal of non-capital assets	-	2	-	-	-	2	100.00%
Miscellaneous	-	21	-	-	-	21	100.00%
Total revenues	6,623	7,089	325	368	6,948	7,457	7.33%
Expenses:							
Instruction	4,364	4,199	-	-	4,364	4,199	-3.78%
Support services	1,791	2,319	-	-	1,791	2,319	29.48%
Non-instructional	-	-	309	326	309	326	5.50%
Other expenses	483	437	-	-	483	437	-9.52%
Total expenses	6,638	6,955	309	326	6,947	7,281	4.81%
Change in net position	\$ -15	\$ 134	\$ 16	\$ 42	\$ 1	\$ 176	2.52%

In fiscal year 2014, property tax and unrestricted state grants accounted for 62.6 percent of the total revenue (63.8 percent in 2013). The District's expenses primarily relate to instruction and support services, which account for 89.5 percent of the total expenses (92.7 percent in 2013).

As shown in Figure A-4, the District as a whole experienced a 7.3 percent increase in revenues and a 4.81 percent increase in expenses. The change in revenues is primarily due to the increase in student enrollment which affects funding received. The increase in expenses is related to the increase in instruction expenses which is primarily due to the applicable increase in salary and benefits in fiscal year 2014 and the purchase of technology equipment to be used in the classrooms.

Governmental Activities - Revenues for governmental activities were \$7,088,974 and expenses were \$6,955,236.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, and other expenses, for the year ended June 30, 2014 compared to the year ended June 30, 2013.

Figure A-5 (In Thousands)

	<u>Total Cost of Services</u>		<u>Percent Change</u>	<u>Net Cost of Services</u>		<u>Percent Change</u>
	<u>2013</u>	<u>2014</u>		<u>2013</u>	<u>2014</u>	
Instruction	\$ 4,364	\$ 4,199	-3.78%	\$ 2,960	\$ 2,735	-7.60%
Support services	1,791	2,319	29.48%	1,706	2,231	30.77%
Other expenses	483	437	-9.52%	253	155	-38.74%
Totals	<u>\$ 6,638</u>	<u>\$ 6,955</u>	<u>4.78%</u>	<u>\$ 4,919</u>	<u>\$ 5,121</u>	<u>4.11%</u>

- The cost financed by users of the District's programs was \$1,004,426.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$829,483.
- The net cost of governmental activities was financed with \$2,172,673 in property taxes, \$2,492,396 in unrestricted state grants, \$118,258 in local surtax and \$409,983 in statewide sales, services and use tax.

Business-Type Activities - Revenues for business-type activities during the year ended June 30, 2014 totaled \$368,215 representing a 13.4 percent increase from the prior year, while expenses were \$325,821, a 5.5 percent increase from the prior year. The District's business-type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

During the year ended June 30, 2014, the District saw increases in both revenues and expenses due to an increase in student participation, increase student lunch fees, and income received from West Sioux for 60% of the food service director's salary and benefits. The school was able to effectively match costs with the available revenues.

Governmental Fund Analysis

As previously noted, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$2,706,755, which is more than last year's ending fund balances of \$2,697,041.

Governmental Fund Highlights

The General Fund balance increased from \$1,624,337 in fiscal year 2013 to a balance of \$1,779,581 in fiscal year 2014. The increase in the General Fund balance is attributed to the cost containment practices implemented by the district.

The Capital Projects Fund balance decreased from \$633,970 in fiscal year 2013 to \$555,592 in fiscal year 2014 due to Capital Projects that were implemented and completed in fiscal year 2014. Capital Projects funds are being accumulated for future facility and equipment expenditures.

Proprietary Fund Highlights

School Nutrition Fund net position increased from \$159,421 at June 30, 2013 to \$201,815 at June 30, 2014 due to effectively minimizing costs to match revenue received.

Budgetary Highlights

The District's total revenues were \$501,347 more than budgeted revenues, a variance of 7.2 percent. The District's total expenditures were \$931,765 less than budgeted, a variance of 10.1 percent. A portion of the variances resulted from the District spending less in the instruction, and support services functions than anticipated. However, the final costs for the other expenditures function were higher than anticipated for fiscal year 2014 by \$57,611. Details can be found in the required supplementary information section of this report as required.

Capital Assets and Debt Administration

Capital Assets - As of June 30, 2014, the District had invested \$4,749,014, net of accumulated depreciation in a broad range of assets, including school buildings, athletic facilities, computer and audio-visual equipment, intangible assets, and transportation equipment. (See Figure A-6.) Total depreciation expense for the year was \$354,922.

Figure A-6 (In Thousands)

Capital Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total District</u>		<u>Percent</u>
	2013	2014	2013	2014	2013	2014	<u>Change</u>
Land	\$ 11	\$ 11	\$ -	\$ -	\$ 11	\$ 11	0.0%
Land improvements	324	324	-	-	324	324	0.0%
Construction in progress	28	134	-	-	28	134	378.57%
Buildings	7,578	7,854	-	-	7,578	7,854	3.64%
Intangibles	52	52	-	-	52	52	0.0%
Furniture and equipment	1,511	1,736	98	131	1,609	1,867	16.03%
Less: accumulated							
Depreciation	(5,394)	(5,417)	(65)	(76)	(5,459)	(5,493)	0.62%
Total liabilities	<u>\$ 4,110</u>	<u>\$ 4,694</u>	<u>\$ 33</u>	<u>\$ 55</u>	<u>\$ 4,143</u>	<u>\$ 4,749</u>	<u>14.63%</u>

Long-Term Liabilities - As of June 30, 2014, the District had \$150,000 General Obligation Refunding Bonds, \$534,316 in capital lease obligations, \$160,332 in early retirement obligations outstanding, and \$525,658 in net OPEB obligations (total of \$1,370,306). Table A-7 summarizes the District's long-term liabilities as of June 30, 2014 and 2013. Additional information about the District's long-term liabilities is presented in Note 5 to the financial statements.

Figures A-7 (In Thousands)

Long-Term Liabilities

	<u>Total District</u>		<u>Total</u>
	<u>June 30,</u>		<u>Change</u>
	<u>2013</u>	<u>2014</u>	
General obligation refunding bonds	\$ 350	\$ 150	-57.1%
Capital Lease	-	534	100.0%
Early retirement	210	160	-23.8%
Net OPEB liabilities	<u>446</u>	<u>526</u>	<u>17.9%</u>
	<u>\$ 1,006</u>	<u>\$ 1,370</u>	<u>36.2</u>

Economic Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- Under Iowa's school funding formula, the District is highly dependent on student enrollment.
- The statewide one percent local option sales tax will continue to provide revenue for capital repairs and improvements.
- Many legislative changes are occurring at the state level, leaving a number of things in regards to educating our students and how the state will finance that education uncertain.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Cari Brogden, District Secretary/Treasurer, Akron-Westfield Community School District, 850 Kerr Drive, Akron, Iowa 51001.

BASIC FINANCIAL STATEMENTS

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2014

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
ASSETS			
Cash and cash equivalents	\$ 3,116,435	\$ 141,678	\$ 3,258,113
Receivables:			
Property tax:			
Delinquent	32,811	-	32,811
Succeeding year	2,270,523	-	2,270,523
Accounts	799	144	943
Accrued interest	437	-	437
Notes Receivable	28,095	-	28,095
Interfund Balances	13	(13)	-
Due from other governments	353,553	9,295	362,848
Inventories	-	7,844	7,844
Prepaid expenses	6,376	-	6,376
Land	11,388	-	11,388
Construction in progress	133,500	-	133,500
Infrastructure, Property and Equipment,			
Net of Accumulated Depreciation	4,549,423	54,703	4,604,126
Total assets	<u>10,503,353</u>	<u>213,664</u>	<u>10,717,017</u>
LIABILITIES			
Accounts Payable	247,533	23	247,556
Salaries and benefits payable	470,686	1,161	471,847
Due to other governments	124	-	124
Accrued interest payable	7,121	-	7,121
Unearned Revenue	-	3,864	3,864
Noncurrent Liabilities:			
Due Within One Year:			
Early retirement payable	82,297	-	82,297
General obligation refunding bonds	150,000	-	150,000
Capital lease	54,312	-	54,312
Due in More Than One Year:			
Early retirement payable	78,035	-	78,035
Capital lease	480,004	-	480,004
Net OPEB liability	518,870	6,788	525,658
Total liabilities	<u>2,088,982</u>	<u>11,849</u>	<u>2,100,831</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue-			
Subsequent Year Property Taxes	2,270,523	-	2,270,523
Total Deferred Inflows of Resources	<u>2,270,523</u>	<u>-</u>	<u>2,270,523</u>
NET POSITION			
Net investment in capital assets	4,103,444	54,703	4,158,147
Restricted for:			
Categorical funding	41,167	-	41,167
Debt Service	19,976	-	19,976
Capital projects	462,143	-	462,143
Other special revenue purposes	195,052	-	195,052
Unrestricted	1,322,066	147,112	1,469,178
Total Net Position	<u>\$ 6,143,848</u>	<u>\$ 201,815</u>	<u>\$ 6,345,663</u>

See Notes to Financial Statements

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2014

FUNCTIONS/PROGRAMS:	<u>Expenses</u>	<u>Charges for Service</u>	<u>Program Revenues</u>	
			<u>Operating Grants, Contributions and Restricted Interest</u>	<u>Capital Grants, Contributions and Restricted Interest</u>
Primary Government:				
Governmental activities:				
Instruction:				
Regular instruction	\$ 2,869,820	\$ 487,273	\$ 454,810	\$ 1,267
Special instruction	743,376	106,639	122,913	-
Other instruction	586,104	289,793	1,409	-
Support services:				
Student services	199,605	7,334	-	-
Instructional staff services	114,242	-	-	-
Administration services	755,624	-	-	-
Operation and maintenance of plant services	536,305	25,864	-	-
Transportation services	713,217	48,972	5,629	-
Other expenses:				
Facilities acquisition and Construction Services	218,535	38,551	-	40,000
Long-term debt interest	14,953	-	-	-
AEA flow through	203,455	-	203,455	-
Total governmental activities	<u>6,955,236</u>	<u>1,004,426</u>	<u>788,216</u>	<u>41,267</u>
Business-type activities:				
Non-instructional programs:				
Food service operations	<u>325,821</u>	<u>222,965</u>	<u>145,173</u>	<u>-</u>
Total Primary Government	<u>\$ 7,281,057</u>	<u>\$ 1,227,391</u>	<u>\$ 933,389</u>	<u>\$ 41,267</u>
GENERAL REVENUES:				
Property tax levied for:				
General purposes				
Debt service				
Capital Outlay				
Income surtax				
Statewide sales, services and use tax				
Unrestricted state grants				
Unrestricted investment earnings				
Gain on disposal of capital assets				
Gain on disposal of non-capital assets				
Miscellaneous				
Total general revenues				
Change in net position				
Net position beginning of year				
Net position end of year				

See notes to financial statements.

EXHIBIT B

Net (Expense) Revenues
and Changes in Net Position

Governmental Activities	Business- Type Activities	Total
\$ (1,926,470)	\$ -	\$ (1,926,470)
(513,824)	-	(513,824)
(294,902)	-	(294,902)
(192,271)	-	(192,271)
(114,242)	-	(114,242)
(755,624)	-	(755,624)
(510,441)	-	(510,441)
(658,616)	-	(658,616)
(139,984)	-	(139,984)
(14,953)	-	(14,953)
-	-	-
<u>(5,121,327)</u>	<u>-</u>	<u>(5,121,327)</u>
-	42,317	42,317
<u>\$ (5,121,327)</u>	<u>\$ 42,317</u>	<u>\$ (5,079,010)</u>
\$ 1,750,792	\$ -	\$ 1,750,792
202,921	-	202,921
218,960	-	218,960
118,258	-	118,258
409,983	-	409,983
2,492,396	-	2,492,396
4,714	77	4,791
34,171	-	34,171
1,500	-	1,500
21,370	-	21,370
<u>5,255,065</u>	<u>77</u>	<u>5,255,142</u>
133,738	42,394	176,132
6,010,110	159,421	6,169,531
<u>\$ 6,143,848</u>	<u>\$ 201,815</u>	<u>\$ 6,345,663</u>

See notes to the financial statements

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2014

	General	Debt Service	Capital Projects	Other Governmental Funds	Total
Assets					
Cash and pooled investments	\$ 2,261,937	\$ 24,059	\$ 477,446	\$ 352,993	\$ 3,116,435
Receivables:					
Property Tax:					
Delinquent	22,709	3,038	3,279	3,785	32,811
Succeeding year	1,639,173	151,200	230,150	250,000	2,270,523
Accounts	799	-	-	-	799
Accrued interest	-	-	-	437	437
Notes Receivable	28,095	-	-	-	28,095
Due from other funds	8,141	-	-	-	8,141
Due from other governments	224,185	-	127,042	2,326	353,553
Prepaid Expenses	6,376	-	-	-	6,376
Total Assets	<u>4,191,415</u>	<u>178,297</u>	<u>837,917</u>	<u>609,541</u>	<u>5,817,170</u>
Liabilities					
Liabilities:					
Accounts Payable	199,329	-	45,180	3,024	247,533
Salaries and benefits payable	470,686	-	-	10,899	481,585
Due to other funds	-	-	6,995	1,133	8,128
Due to other governments	124	-	-	-	124
Total liabilities	<u>670,139</u>	<u>-</u>	<u>52,175</u>	<u>15,056</u>	<u>737,370</u>
Deferred Inflows of Resources					
Unavailable Revenue -					
Succeeding year property tax	1,639,173	151,200	230,150	250,000	2,270,523
Income Surtax	102,522	-	-	-	102,522
Total Deferred Inflows of Resources	<u>1,741,695</u>	<u>151,200</u>	<u>230,150</u>	<u>250,000</u>	<u>2,373,045</u>
Fund balances:					
Nonspendable:					
Prepaid expenses	6,376	-	-	-	6,376
Restricted for:					
Categorical funding	41,167	-	-	-	41,167
Debt service	-	27,097	-	-	27,097
Management and levy purposes	-	-	-	167,920	167,920
Student activities	-	-	-	176,565	176,565
School Infrastructure	-	-	515,444	-	515,444
Physical plant and equipment	-	-	40,148	-	40,148
Unassigned	1,732,038	-	-	-	1,732,038
Total Fund Balances	<u>1,779,581</u>	<u>27,097</u>	<u>555,592</u>	<u>344,485</u>	<u>2,706,755</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 4,191,415</u>	<u>\$ 178,297</u>	<u>\$ 837,917</u>	<u>\$ 609,541</u>	<u>\$ 5,817,170</u>

See notes to financial statements.

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2014

Total fund balance of governmental funds (page 17)	\$ 2,706,755
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	4,694,311
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Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	102,522
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Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(7,121)
--	---------

Long-term liabilities, including bonds payable, early retirement and other postemployment benefits payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Early retirement payable	\$ 149,433	
General obligation refunding bonds	150,000	
Capital lease	534,316	
Net OPEB liability	518,870	(1,352,619)

Net position of governmental activities (page 14)	\$ 6,143,848
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AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	General	Debt Service	Capital Projects	Other Governmental Funds	Total
Revenues:					
Local sources:					
Local tax	\$ 1,721,540	\$ 202,921	\$ 628,943	\$ 249,905	\$ 2,803,309
Tuition	568,144	-	-	-	568,144
Other	137,738	233	38,599	287,063	463,633
State sources	3,090,748	122	132	146	3,091,148
Federal sources	189,464	-	-	-	189,464
Total Revenues	<u>5,707,634</u>	<u>203,276</u>	<u>667,674</u>	<u>537,114</u>	<u>7,115,698</u>
Expenditures:					
Governmental Activities:					
Instruction:					
Regular instruction	2,738,007	-	25,835	136,461	2,900,303
Special instruction	732,022	-	-	-	732,022
Other instruction	295,405	-	-	278,462	573,867
Support services:					
Student services	196,029	-	-	-	196,029
Instructional staff services	103,779	-	-	4,675	108,454
Administration services	658,026	-	-	88,724	746,750
Operation and maintenance of plant services	380,745	-	88,273	84,149	553,167
Transportation services	324,747	-	786,493	11,971	1,123,211
Other expenditures:					
Facilities and equipment acquisition	-	-	374,818	-	374,818
Long-term debt:					
Principal	-	451,087	-	-	451,087
Interest and fiscal charges	-	8,049	-	-	8,049
AEA flow through	203,455	-	-	-	203,455
Total expenditures	<u>5,632,215</u>	<u>459,136</u>	<u>1,275,419</u>	<u>604,442</u>	<u>7,971,212</u>
Excess (deficiency) of revenues over (under) expenditures	<u>75,419</u>	<u>(255,860)</u>	<u>(607,745)</u>	<u>(67,328)</u>	<u>(855,514)</u>
Other financing sources (uses):					
Sale of capital assets	79,825	-	-	-	79,825
Proceeds from capital lease	-	-	785,403	-	785,403
Operating transfers in	-	256,036	-	-	256,036
Operating transfers out	-	-	(256,036)	-	(256,036)
Total other financing sources (uses)	<u>79,825</u>	<u>256,036</u>	<u>529,367</u>	<u>-</u>	<u>865,228</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures	<u>155,244</u>	<u>176</u>	<u>(78,378)</u>	<u>(67,328)</u>	<u>9,714</u>
Fund balances beginning of year	1,624,337	26,921	633,970	411,813	2,697,041
Fund balances end of year	<u>\$ 1,779,581</u>	<u>\$ 27,097</u>	<u>\$ 555,592</u>	<u>\$ 344,485</u>	<u>\$ 2,706,755</u>

See notes to financial statements.

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

Net change in fund balances - total governmental funds (page 19) \$ 9,714

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays, including infrastructure, as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Capital outlays exceeded depreciation expense in the current year as follows:

Expenditures for capital assets	\$ 970,676	
Depreciation/amortization expense	<u>(341,887)</u>	628,789

In the Statement of Activities, a gain (loss) on disposal of capital assets is recognized based on the difference between the cash received and the net book value of capital assets disposed. (44,154)

Income surtaxes and receivables not collected for several months after the District's fiscal year ends are not considered "available" revenues in the governmental funds and are included as deferred revenues. They are, however, recorded as revenues in the Statement of Activities. (102,395)

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the governmental funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. (6,904)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Termination benefits	\$ 60,926	
Other postemployment benefits	<u>(77,922)</u>	(16,996)

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year repayments exceeded issues as follows:

Long-term debt issued	\$ (785,403)	
Principal paid	<u>451,087</u>	<u>(334,316)</u>

Change in net position of governmental activities (page 16) \$ 133,738

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION - PROPRIETARY FUND
JUNE 30, 2014

	<u>School Nutrition</u>
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 141,678
Receivables:	
Accounts receivable	144
Due from other governments	9,295
Inventories	7,844
Total Current Assets	<u>158,961</u>
Noncurrent Assets:	
Infrastructure, Pepoerty and Equipment, Net of Accumulated Depreciation	<u>54,703</u>
Total Noncurrent Assets	<u>54,703</u>
Total Assets	<u>213,664</u>
LIABILITIES	
Current Liabilities	
Accounts payable	23
Salaries and benefits payable	1,161
Due to other funds	13
Unearned revenue	3,864
Total Current Liabilities	<u>5,061</u>
Noncurrent Liabilities	
Net OPEB liability	<u>6,788</u>
Total Noncurrent Liabilities	<u>6,788</u>
Total Liabilities	<u>11,849</u>
NET POSITION	
Net investment in capital assets	54,703
Unrestricted	147,112
Total Net Position	<u>\$ 201,815</u>

See notes to financial statements.

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -
PROPRIETARY FUNDS**

FOR THE YEAR ENDED JUNE 30, 2014

School
Nutrition

Operating revenues:	
Charges for service	<u>\$ 222,965</u>
Total Operating Revenue	<u>222,965</u>
Operating expenses:	
Food service operations:	
Salaries	136,357
Benefits	34,930
Purchased services	197
Supplies	137,507
Depreciation	13,035
Other operating costs	<u>3,795</u>
Total operating expenses	<u>325,821</u>
Operating loss	<u>(102,856)</u>
Non-operating revenues:	
Interest income	77
State Lunch Reimbursements	2,775
National School Lunch Program	121,232
Federal Food Commodities Received	<u>21,166</u>
Total non-operating revenues	<u>145,250</u>
Change in net position	42,394
Net position beginning of year	<u>159,421</u>
Net position end of year	<u><u>\$ 201,815</u></u>

See notes to financial statements.

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
STATEMENT CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2014

	<u>School Nutrition</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 192,194
Cash received from miscellaneous operating activities	29,605
Cash paid to employees for services	(169,506)
Cash paid to suppliers for goods or services	(123,635)
Net cash used by operating activities	<u>(71,342)</u>
Cash flows from non-capital financing activities:	
State grants received	2,775
Federal grants received	121,232
Increase in due from other funds	13
Net cash provided by non-capital financing activities	<u>124,020</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(15,749)
Net cash used by capital and related financing activities	<u>(15,749)</u>
Cash flows from investing activities:	
Interest on investments	77
Net cash provided by investing activities	<u>77</u>
Net increase in cash and cash equivalents	37,006
Cash and cash equivalents beginning of year	<u>104,672</u>
Cash and cash equivalents end of year	<u><u>\$ 141,678</u></u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (102,856)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities used	21,166
Depreciation	13,035
(Increase) decrease in assets and increase (decrease) in liabilities:	
Accounts receivable	(129)
Intergovernment receivable	(1,897)
Inventory	(1,969)
Accounts payable	(1,333)
Salaries and Benefits Payable	191
Unearned revenue	860
Other postemployment benefits	1,590
Net cash used by operating activities	<u><u>\$ (71,342)</u></u>

Non-cash investing, capital and financing activities:

During the year ending June 30, 2014, the District received \$21,166 of federal commodities.

See notes to financial statements.

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2014

	Agency Funds	
	Employee <u>Flex Account</u>	Athletic <u>Boosters</u>
ASSETS:		
Cash and pooled investments	\$ 4,683	\$ -
Accounts receivable	-	2,326
Due from others	-	124
Total assets	<u>4,683</u>	<u>2,450</u>
LIABILITIES		
Accounts payable	61	124
Due to others	4,622	2,326
Total liabilities	<u>4,683</u>	<u>2,450</u>
NET POSITION	<u>\$ -</u>	<u>\$ -</u>

See notes to financial statements.

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Akron-Westfield Community School District (the District) is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The geographic areas served include the Cities of Akron and Westfield, Iowa, the predominant agricultural territory in Plymouth County, and the Elk-Point Jefferson School District in Union County, South Dakota through the Interstate School District Compact. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB).

- A. Reporting Entity - For financial reporting purposes, the District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. The District has no component units which meet the GASB criteria.

Jointly Governed Organization - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Plymouth County Assessor's Conference Board.

- B. Basis of Presentation

Government-Wide Financial Statements - The Statement of Net Position and the Statement of Activities report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Position presents the District's non-fiduciary assets and liabilities, with the difference reported as net position. Net position is reported in the following categories:

Net Investment in Capital Assets - Consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted Net Position - Result when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Unrestricted Net Position - Consist of net position not meeting the definition of the preceding categories. Unrestricted net position often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The remaining nonmajor fund is designated as such on the fund financial statements. Combining schedules are also included for the Capital Project Fund accounts.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the District's general long-term debt.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

The District's proprietary fund is the Enterprise, School Nutrition Fund, is used to account for the food service operations of the District.

The District also reports fiduciary funds which focus on net position and changes in net position. The District's fiduciary funds include the following:

The Employee Flex Account Fund is used to account for employee contributions to flexible spending accounts and for disbursements made to those employees for the eligible expenses they incur.

The Athletic Boosters Fund is used to account for revenues earned and expenditures incurred by the District's Athletic Boosters.

- C. Measurement Focus and Basis of Accounting - The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(CONTINUED):

are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, compensated absences and special termination benefits are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications-committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making adjusting entries to the cash basis financial records

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(CONTINUED):

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable - Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1-1/2 percent per month penalty for delinquent payments; is based on January 1, 2012 assessed property valuations; is for the tax accrual period July 1, 2013 through June 30, 2014 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2013.

Due From Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(CONTINUED):

Capital Assets - Capital assets, which include property, furniture and equipment and intangibles are reported in the applicable governmental or business-type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	
Land	\$ 2,000
Building and improvements	10,000
Intangibles	25,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	2,000

Capital assets are depreciated/amortized using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	50 years
Improvements other than buildings	20 years
Intangibles	5-10 years
Furniture and equipment	5 years

The District's collection of library books and other similar materials are not capitalized. These collections are unencumbered, held for public exhibition and education, protected, cared for and preserved and subject to District policy that requires proceeds from the sale of these items, if any, to be used to acquire other collections items.

Due to a failure with the wind turbine's gearbox the District's wind turbine has been out of operation since January 2011. The District is currently investigating options to get the turbine into operating condition but due to the length of time the turbine has been inoperable the asset is considered temporarily impaired. Therefore, the asset is still being recognized on the financial statements but is no longer being depreciated.

Salaries and Benefits Payable - Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Unearned Revenue - Unearned revenue in the Statement of Net Position consists of unused hot lunch revenue.

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(CONTINUED):

Deferred Outflow/Inflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflow of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental activities in the government-wide statements and the governmental funds report unavailable revenues from subsequent year property taxes. At the governmental fund level, the receivable for Income Surtax revenue is also shown as a deferred inflow. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Long-Term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Position.

Fund Equity - In the governmental fund financial statements, fund balance are classified as follows:

Nonspendable - Amounts which cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Unassigned - All amounts not included in other spendable classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2014, expenditures in the other expenditures functional area exceeded the amounts budgeted.

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2014

NOTE 2 - CASH AND POOLED INVESTMENTS:

The District's deposits in banks at June 30, 2014 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

NOTE 3 – INTERFUND RECEIVABLES AND PAYABLES:

The detail of interfund receivable and payables at June 30, 2014 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Student Activity	\$ 1,133
General	Capital Projects	6,995
General	School Nutrition	13

The Student Activity Fund is repaying the General Fund for expenditures related to student activity trips in June 2014.

The Capital Projects Fund is repaying the General Fund for payroll that was paid for out of the General Fund.

The School Nutrition Fund is repaying the General Fund for payroll that was paid for out of the General Fund.

NOTE 4 – INTERFUND TRANSFERS

The detail of short-term interfund transfers for the year ended June 30, 2014 is as follows:

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
Debt Service Fund	Capital Projects Fund	\$ 256,036

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2014

NOTE 5 - CAPITAL ASSETS:

Capital assets activity for the year ended June 30, 2014 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 11,388	\$ -	\$ -	\$ 11,388
Construction in progress	28,412	400,833	295,745	133,500
Wind turbine	186,671	-	-	186,671
Total capital assets not being depreciated	<u>226,471</u>	<u>400,833</u>	<u>295,745</u>	<u>331,559</u>
Capital assets being depreciated:				
Building	7,390,232	276,840	-	7,667,072
Improvements other than buildings	324,264	-	-	324,264
Furniture and equipment	1,511,123	588,748	364,102	1,735,769
Intangibles	52,389	-	-	52,389
Total capital assets being depreciated	<u>9,278,008</u>	<u>865,588</u>	<u>364,102</u>	<u>9,779,494</u>
Less accumulated depreciation for:				
Buildings	3,852,770	195,398	-	4,048,168
Improvements other than buildings	213,591	9,830	-	223,421
Furniture and equipment	1,320,584	131,420	319,948	1,132,056
Intangibles	7,858	5,239	-	13,097
Total accumulated depreciation	<u>5,394,803</u>	<u>341,887</u>	<u>319,948</u>	<u>5,416,742</u>
Total capital assets being depreciated, net	<u>3,883,205</u>	<u>523,701</u>	<u>44,154</u>	<u>4,362,752</u>
Governmental activities capital assets, net	<u>\$4,109,676</u>	<u>\$924,534</u>	<u>\$ 339,899</u>	<u>\$4,694,311</u>
Business-type activities:				
Furniture and equipment	\$ 98,729	\$ 34,404	\$ 2,712	\$ 130,421
Less accumulated depreciation	65,395	13,035	2,712	75,718
Business-type activities capital assets, net	<u>\$ 33,334</u>	<u>\$ 21,369</u>	<u>\$ -</u>	<u>\$ 54,703</u>

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2014

NOTE 5 - CAPITAL ASSETS (CONTINUED):

Depreciation expense was charged to the following functions:

Governmental activities:

Instruction:

Regular	\$ 6,919
Other	6,949
	<u>13,868</u>

Support services:

Student	419
Instructional staff	5,239
Operation and maintenance of plant	20,463
Transportation	91,070
	<u>117,191</u>

Other expenses:

Facilities acquisition and construction	<u>210,828</u>
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Total depreciation expense – governmental activities	<u>\$ 341,887</u>
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Business-type activities:

Food service operations	<u>\$ 13,035</u>
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Reconciliation of Net Investment in Capital Assets:

	Governmental Activities	Business-Type Activities
Land	\$ 11,388	\$ -
Construction in Progress	133,500	-
Capital Assets (net of accumulated depreciation)	4,549,423	54,703
Less: General obligation refunding bonds 2012	150,000	-
Hoglund Bus Lease	295,448	-
Hoglund Bus Lease	145,419	-
Net Investment in Capital Assets	<u>\$ 4,103,444</u>	<u>\$ 54,703</u>

NOTE 6 - LONG-TERM LIABILITIES:

Changes in long-term liabilities for the year ended June 30, 2014 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation refunding bonds, 2012	\$ 350,000	\$ -	\$ 200,000	\$ 150,000	\$150,000
Apple Computer Lease	-	280,403	186,954	93,449	-
Hoglund Bus Lease	-	338,000	42,552	295,448	35,816
Hoglund Bus Lease	-	167,000	21,581	145,419	18,496
Termination Benefits	210,359	46,986	97,013	160,332	82,297
Net OPEB liability	440,948	77,922	-	518,870	-
	<u>\$1,001,307</u>	<u>\$ 910,311</u>	<u>\$ 548,100</u>	<u>\$1,363,518</u>	<u>\$286,609</u>

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2014

NOTE 6 - LONG-TERM LIABILITIES (CONTINUED):

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Business type activities:					
Net OPEB liability	\$ 5,198	\$ 1,590	\$ -	\$ 6,788	\$ -

General Obligation Refunding Bonds

Details of the District's June 30, 2014 general obligation refunding bonds indebtedness are as follows:

Year Ending June 30,	Bond Issue of October 11, 2012		
	Interest Rates	Principal	Interest
2015	.80%	\$ 150,000	\$ 1,200
Total		\$ 150,000	\$ 1,200

These bonds are direct obligations and pledge the full faith and credit of the District.

Capital Leases

On July 5, 2013, the District entered into a three-year lease agreement as lessee for financing the acquisition of laptops as part of the 1:1 Laptop Incentive. This initiative was approved by the District to provide laptops for students and faculty use. The laptops and accessories included in this capital lease agreement individually fall below the District's capitalization policy and therefore, none of these items were capitalized. The interest rate of the lease is 2.5%.

On March 11, 2013, the District entered into a four-year lease agreement as lessee for financing the acquisition of four school buses. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its minimum lease payments as of the inception date. The interest rate of the lease is 2.28%.

On February 25, 2014, the District entered into a four-year lease agreement as lessee for financing the acquisition of two school buses. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its minimum lease payments as of the inception date. The interest rate of the lease is 2.35%.

The assets acquired through capital leases are as follows:

Asset:	Governmental Activities
Furniture and Equipment	\$ 505,000
Less: Accumulated Depreciation	(78,733)
Total	\$ 426,267

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2014

NOTE 6 - LONG-TERM LIABILITIES (CONTINUED):

The following is a schedule of future minimum lease payments under capital lease, together with the net present value of the minimum lease payments as of June 30, 2014.

Year Ending June 30,	Principal	Interest	Total
2015	\$ 54,312	\$ 10,154	\$ 64,466
2016	149,013	11,239	160,252
2017	330,991	8,369	339,360
Minimum Lease Payments			564,078
Less: Amount Representing Interest			(29,762)
Present Value of Minimum Lease Payments			<u>\$ 534,316</u>

Early Retirement - During 1993, and revised in January 2013, the District's Board of Education established an early retirement policy. All licensed professional employees who have completed at least 15 years of service with the District and are at least 55 of age on or before June 30 are eligible to make application for retirement benefits. Benefits are payable in two equal installments on January 20 of the two succeeding years after retirement. Benefits are based upon thirty percent of the employee's current salary. In addition, the District provides a monthly benefit of \$300 for employees retiring in fiscal year 2004, \$425 for employees retiring in fiscal years 2005 through 2009, \$475 for employees retiring in fiscal year 2010, \$500 for employees retirement in fiscal year 2012, and \$520 for employees retirement in fiscal year 2013 and thereafter until the earlier of the employee's death or reaching age 65.

At June 30, 2014, the District had obligations to eleven participants with a total liability of \$160,332 extending through the year ending June 30, 2023. Early retirement benefits paid during the year ended June 30, 2014 totaled \$148,423. The total liability for early retirement is recorded in the government-wide financial statements.

NOTE 7 - PENSION AND RETIREMENT BENEFITS:

The District contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 5.95 percent of their annual covered salary and the District is required to contribute 8.93 percent of annual covered salary. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2014, 2013 and 2012 were \$308,313, \$286,839, and \$277,937, respectively, equal to the required contributions for each year.

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2014

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (OPEB):

Plan Description - The District operates a single-employer benefit plan which provides medical and prescription drug benefits. There are 63 active and 9 retired members in the plan. Retired participants must be age 55 or older at retirement. The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Funding Policy - The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation - The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2014, the amount implicitly contributed to the plan and changes in the District's net OPEB obligation:

Annual requirement contribution	\$ 153,960
Interest on net OPEB obligation	20,077
Adjustment to annual required contribution	(26,210)
Annual OPEB cost	147,827
Contributions Made	(68,315)
Increase in net OPEB obligation	79,512
Net OPEB obligation beginning of year	446,146
Net OPEB obligation end of year	<u>\$ 525,658</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2012. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the implicit contributions for the year ended June 30, 2014.

For the year ended June 30, 2014, the District had an implicit contribution of \$68,315 to the medical plan.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2014 are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	\$ 202,331	41.7%	\$ 118,028
2011	200,731	42.0%	234,456
2012	199,108	34.5%	364,822
2013	147,980	54.96%	446,146
2014	147,827	46.21%	525,658

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2014

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED):

Funded Status and Funding Progress - As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2012 through June 30, 2013, the actuarial accrued liability was \$1.189 million, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1.189 million. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$3.535 million and the ratio of the UAAL to covered payroll was 48.4 percent. As of June 30, 2014, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2012 actuarial valuation date, the Alternative Measurement Method was used. The actuarial assumptions includes a 4.5 percent discount rate based on the District's funding policy. The projected annual medical trend rate is 7 percent. The ultimate medical trend rate is 5 percent. The medical trend rate is reduced 1 percent each year until reaching the 5 percent ultimate trend rate.

Mortality rates are from the 2004 United States Life Tables, applied on a gender-specific basis.

Projected claim costs of the medical plan are estimated between \$413 to \$993 per month based on coverage for retirees less than age 65. The salary increase rate was assumed to be 1.0 percent per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

NOTE 9 - RISK MANAGEMENT:

The District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2014

NOTE 10 - AREA EDUCATION AGENCY:

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$203,455 for the year ended June 30, 2014 and is recorded in the General Fund by making an adjusting entry to the cash basis financial statements.

NOTE 11 - CONSTRUCTION COMMITMENTS:

The District had entered into various construction contracts totaling \$666,848 for improvements to buildings. As of June 30, 2014, costs of \$362,913 had been incurred against the contracts. The balance of \$303,935 remaining at June 30, 2014 will be paid as work on the contracts progress.

NOTE 12 - LEASE COMMITMENT:

The District is using operating leases to rent copier equipment. The minimum lease payments required are as follows:

Year Ending <u>June 30,</u>	Lease <u>Payment</u>
2015	\$ 17,316
2016	14,430
	<u>\$ 31,746</u>

NOTE 13 – PROSPECTIVE ACCOUNTING CHANGE

The Governmental Accounting Standards Board has issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27*. This statement will be implemented for the fiscal year ending June 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the government's proportionate share of the employee pension plan.

REQUIRED SUPPLEMENTARY INFORMATION

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN BALANCES -
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUND
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Governmental Funds
	<u>Original</u>	<u>Final</u>	<u>Actual</u>
Revenues:			
Local sources	\$ 3,768,079	\$ 3,768,079	\$ 3,835,086
State sources	2,956,487	2,956,487	3,091,148
Federal sources	258,000	258,000	189,464
Total revenues	<u>6,982,566</u>	<u>6,982,566</u>	<u>7,115,698</u>
Expenditures:			
Instruction	4,770,000	4,770,000	4,206,192
Support services	3,129,000	3,129,000	2,727,611
Non-instructional programs	300,000	350,000	-
Other expenditures	979,798	979,798	1,037,409
Total expenditures	<u>9,178,798</u>	<u>9,228,798</u>	<u>7,971,212</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	(2,196,232)	(2,246,232)	(855,514)
Other financing sources (uses):			
Proceeds from capital lease	-	-	785,403
Proceeds of fixed asset dispositions	10,000	10,000	79,825
Total other financing sources (uses)	<u>10,000</u>	<u>10,000</u>	<u>865,228</u>
Net change in fund balances	(2,186,232)	(2,236,232)	9,714
Balances beginning of year	<u>2,678,271</u>	<u>2,678,271</u>	<u>2,697,041</u>
Balances end of year	<u>\$ 492,039</u>	<u>\$ 442,039</u>	<u>\$ 2,706,755</u>

See accompanying independent auditor's report.

Proprietary Funds <u>Actual</u>	Total <u>Actual</u>	Final to Actual <u>Variance</u>
223,042	\$ 4,058,128	\$ 290,049
2,775	3,093,923	137,436
142,398	331,862	73,862
<u>368,215</u>	<u>7,483,913</u>	<u>501,347</u>
-	4,206,192	563,808
-	2,727,611	401,389
325,821	325,821	24,179
-	1,037,409	(57,611)
<u>325,821</u>	<u>8,297,033</u>	<u>931,765</u>
42,394	(813,120)	1,433,112
-	785,403	785,403
-	79,825	69,825
<u>-</u>	<u>865,228</u>	<u>855,228</u>
42,394	52,108	2,288,340
<u>159,421</u>	<u>2,856,462</u>	<u>178,191</u>
<u>\$ 201,815</u>	<u>\$ 2,908,570</u>	<u>\$ 2,466,531</u>

See accompanying independent auditor's report.

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
Notes to Required Supplementary Information – Budgetary Reporting
Year ended June 30, 2014

This budgetary comparison is presented as Required Supplementary Information in accordance with Government Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year ended June 30, 2014, the District had one budget amendment.

During the year ended June 30, 2014, expenditures in the other expenditures functional area exceeded the amounts budgeted.

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS FOR THE
RETIREE HEALTH PLAN (IN THOUSANDS)
REQUIRED SUPPLEMENTARY INFORMATION

Year ending June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	-	\$ 1,505	\$ 1,505	0.0%	\$ 2,630	57.2%
2011	July 1, 2009	-	1,505	1,505	0.0%	3,019	49.9%
2012	July 1, 2009	-	1,505	1,505	0.0%	2,948	51.1%
2013	July 1, 2012	-	1,189	1,189	0.0%	2,459	48.4%
2014	July 1, 2012	-	1,189	1,189	0.0%	3,535	33.6%

See Note 7 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

OTHER SUPPLEMENTARY INFORMATION

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
COMBINING BALANCE SHEET - NONMAJOR GOVENMENTAL FUNDS
JUNE 30, 2014

	Special Revenue Funds		<u>Total</u>
	<u>Management Levy</u>	<u>Student Activity</u>	
Assets			
Cash and pooled investments	\$ 175,119	\$ 177,874	\$ 352,993
Receivables:			
Property tax:			
Delinquent	3,785	-	3,785
Succeeding year	250,000	-	250,000
Accured interest	-	437	437
Total assets	<u>428,904</u>	<u>178,311</u>	<u>607,215</u>
Liabilities			
Accounts payable	85	2,939	3,024
Salaries and benefits payable	10,899	-	10,899
Due to other funds	-	1,133	1,133
Total liabilities	<u>10,984</u>	<u>4,072</u>	<u>15,056</u>
Deferred Inflows of Resources			
Unavailable Revenue-			
Succeeding year property tax	<u>250,000</u>	<u>-</u>	<u>250,000</u>
Total Deferred Inflows of Resources	<u>250,000</u>	<u>-</u>	<u>250,000</u>
Fund Balances:			
Restricted for:			
Management levy	167,920	-	167,920
Student activities	-	176,565	176,565
Total fund balances	<u>167,920</u>	<u>176,565</u>	<u>344,485</u>
Total liabilities, deferred inflows of Resources, and fund balances	<u>\$ 428,904</u>	<u>\$ 180,637</u>	<u>\$ 609,541</u>

See accompanying independent auditor's report.

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2014

	Special Revenue Funds		
	Management <u>Levy</u>	Student <u>Activity</u>	<u>Total</u>
Revenues:			
Local sources:			
Local tax	\$ 249,905	\$ -	\$ 249,905
Other	4,886	282,177	287,063
State sources:	146	-	146
Total revenues	<u>254,937</u>	<u>282,177</u>	<u>537,114</u>
Expenditures:			
Governmental Activities:			
Instruction:			
Regular instruction	136,461	-	136,461
Other instruction	-	278,462	278,462
Support Services:			
Instructional staff services	4,675	-	4,675
Administration services	88,724	-	88,724
Operation and maintenance of plant services	84,149	-	84,149
Transportation services	11,971	-	11,971
Total expenditures	<u>325,980</u>	<u>278,462</u>	<u>604,442</u>
Excess (deficiency) of revenues over (under) expenditures	(71,043)	3,715	(67,328)
Fund balances beginning of year	<u>238,963</u>	<u>172,850</u>	<u>411,813</u>
Fund balances end of year	<u>\$ 167,920</u>	<u>\$ 176,565</u>	<u>\$ 344,485</u>

See accompanying independent auditor's report.

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
COMBINING BALANCE SHEET - CAPITAL PROJECT ACCOUNTS
JUNE 30, 2014

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets			
Cash and pooled investments	\$ 455,026	\$ 22,420	\$ 477,446
Receivables:			
Property tax:			
Delinquent	-	3,279	3,279
Succeeding year	-	230,150	230,150
Due from other governments	111,622	15,420	127,042
Total assets	<u>566,648</u>	<u>271,269</u>	<u>837,917</u>
Liabilities			
Accounts payable	44,209	971	45,180
Due to other funds	6,995	-	6,995
Total liabilities	<u>51,204</u>	<u>971</u>	<u>52,175</u>
Deferred Inflows of Resources			
Unavailable Revenue-			
Succeeding year property tax	-	230,150	230,150
Total Deferred Inflows of Resources	<u>-</u>	<u>230,150</u>	<u>230,150</u>
Fund Balances:			
Restricted for:			
School infrastructure	515,444	-	515,444
Physical plant and equipment	-	40,148	40,148
Total fund balances	<u>515,444</u>	<u>40,148</u>	<u>555,592</u>
Total liabilities, deferred inflows of Resources, and fund balances	<u>\$ 566,648</u>	<u>\$ 271,269</u>	<u>\$ 837,917</u>

See accompanying independent auditor's report.

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - CAPITAL PROJECT ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2014

	Capital Projects		
	Statewide Sales, Services and <u>Use Tax</u>	Physical Plant and Equipment <u>Levy</u>	<u>Total</u>
Revenues:			
Local sources:			
Local tax	\$ 409,983	\$ 218,960	\$ 628,943
Other	23,157	15,442	38,599
State sources:	-	132	132
Total revenues	<u>433,140</u>	<u>234,534</u>	<u>667,674</u>
Expenditures:			
Governmental Activities:			
Instruction:			
Regular instruction	-	25,835	25,835
Support Services:			
Operation and maintenance of plant services	39,520	48,753	88,273
Transportation services	-	786,493	786,493
Other expenditures:			
Facilities and equipment acquisition	374,818	-	374,818
	<u>414,338</u>	<u>861,081</u>	<u>1,275,419</u>
Total expenditures	<u>414,338</u>	<u>861,081</u>	<u>1,275,419</u>
Excess (deficiency) of revenues over (under) expenditures	18,802	(626,547)	(607,745)
Other financing sources:			
Proceeds from Capital Lease	-	785,403	785,403
Operating Transfers Out	-	(256,036)	(256,036)
Total other financing sources	<u>-</u>	<u>529,367</u>	<u>529,367</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures	18,802	(97,180)	(78,378)
Fund balances beginning of year	<u>496,642</u>	<u>137,328</u>	<u>633,970</u>
Fund balances end of year	<u>\$ 515,444</u>	<u>\$ 40,148</u>	<u>\$ 555,592</u>

See accompanying independent auditor's report.

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS

FOR THE YEAR ENDED JUNE 30, 2014

ACCOUNT:	Balance Beginning of Year	Revenues	Expenditures	Intrafund Transfers	Balance End of Year
Ag. and industrial arts resale	\$ 3,282	\$ -	\$ -	\$ (1,974)	\$ 1,308
Art club	2,092	550	235	-	2,407
Athletics	73,277	98,101	97,365	786	74,799
Athletic banquet	2,596	1,635	1,392	-	2,839
Athletic pop	-	2,512	981	(1,531)	-
AW store	485	-	-	(485)	-
Class of 2016	-	-	80	(331)	(411)
Class of 2015	-	8,134	7,031	-	1,103
Class of 2014	411	-	-	-	411
Climate committee	-	149	-	(149)	-
Community service day	250	-	131	-	119
Concessions	5,500	18,782	16,508	(2,274)	5,500
Drill team	2,213	13,083	12,939	615	2,972
Family Career Community Leader of America	1,974	-	-	(3,282)	(1,308)
Future Farmers of America	5,546	20,085	17,775	-	7,856
High school student council	3,852	2,487	2,790	331	3,880
High school outing donation	89	1,239	953	-	375
History day	-	4,236	6,743	2,507	-
Home economics	421	-	-	(421)	-
Interest/Student resources	34,702	3,405	7,675	(886)	29,546
Lakeside lab	1,640	6,260	6,389	1,600	3,111
Middle school student council	2,107	7,992	5,047	-	5,052
Music boosters	13,132	6,568	5,881	(1,397)	12,422
Music - instrumental	4,022	30,486	31,478	-	3,030
Music - vocal	2,289	31,102	33,554	2,100	1,937
National Honor Society	-	-	465	465	-
PBS	278	5,848	3,047	-	3,079
Pep club	3,767	1,183	3,513	314	1,751
Pictures	1,871	-	-	(1,871)	-
Project prom	1,601	6,968	6,146	-	2,423
Scholarship	511	-	-	(511)	-
Speech	603	1,350	3,910	1,957	-
Student Funding	-	-	-	4,437	4,437
Thespians	3,557	2,659	2,886	-	3,330
Western Roundup	782	7,363	3,548	-	4,597
Total	\$ 172,850	\$ 282,177	\$ 278,462	\$ -	\$ 176,565

See accompanying independent auditor's report.

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Balance June 30, 2013	Addi- tions	Deduc- tions	Balance June 30, 2014
Employee Flex				
<i>Assets</i>				
Cash and pooled investments	\$ 4,624	\$ 33,033	\$ 32,974	\$ 4,683
Accounts receivable	-	18,884	18,884	-
Total assets	<u>4,624</u>	<u>51,917</u>	<u>51,858</u>	<u>4,683</u>
<i>Liabilities</i>				
Accounts payable	5	61	5	61
Due to others	4,619	30,876	30,873	4,622
Total liabilities	<u>4,624</u>	<u>30,937</u>	<u>30,878</u>	<u>4,683</u>
Athletic Boosters				
<i>Assets</i>				
Cash and pooled investments	-	27,760	27,760	-
Accounts receivable	-	2,326	-	2,326
Due from others	-	124	-	124
Total assets	<u>-</u>	<u>30,210</u>	<u>27,760</u>	<u>2,450</u>
<i>Liabilities</i>				
Account payable	-	124	-	124
Due to others	-	32,578	30,252	2,326
Total liabilities	<u>-</u>	<u>32,702</u>	<u>30,252</u>	<u>2,450</u>
Total All Agency Funds				
<i>Assets</i>				
Cash and pooled investments	4,624	60,793	60,734	4,683
Accounts receivable	-	21,210	18,884	2,326
Due from others	-	124	-	124
Total Assets	<u>4,624</u>	<u>82,127</u>	<u>79,618</u>	<u>7,133</u>
<i>Liabilities</i>				
Accounts payable	5	185	5	185
Due to others	4,619	63,454	61,125	6,948
Total Liabilities	<u>\$ 4,624</u>	<u>\$ 63,639</u>	<u>\$ 61,130</u>	<u>\$ 7,133</u>

See accompanying independent auditor's report.

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUNDS
FOR THE LAST TEN YEARS

	Modified Accrual Basis									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues:										
Local sources:										
Local tax	\$2,803,309	\$2,783,148	\$2,826,966	\$2,839,379	\$2,688,692	\$2,667,371	\$2,582,687	\$2,626,442	\$2,527,810	\$2,361,791
Tuition	568,144	485,511	484,282	464,106	542,708	497,991	529,388	582,247	656,329	579,088
Other	463,633	408,465	496,353	442,400	554,409	517,681	491,531	574,622	569,013	486,195
State sources	3,091,148	2,734,794	2,908,492	2,712,078	2,359,204	2,678,934	2,576,808	2,466,557	2,315,907	2,466,637
Federal sources	189,464	203,415	266,900	214,469	521,659	203,349	165,957	180,968	236,879	177,232
Total	7,115,698	6,615,333	6,982,993	6,672,432	6,666,672	6,565,326	6,346,371	6,430,836	6,305,938	6,070,943
Expenditures										
Instruction:										
Regular instruction	2,900,303	3,002,550	2,552,843	2,621,319	2,660,779	2,661,681	2,592,924	2,417,078	2,268,824	2,169,018
Special instruction	732,022	659,124	515,255	615,337	743,909	677,068	639,231	585,123	558,794	546,674
Other instruction	573,867	553,535	937,076	590,252	680,969	621,408	604,438	660,313	695,396	717,219
Support services:										
Student services	196,029	193,672	183,033	169,571	196,574	177,720	179,291	173,562	169,917	161,488
Instructional staff services	108,454	114,094	253,837	82,872	87,339	83,968	128,926	98,475	138,848	156,101
Administration services	746,750	655,585	671,776	643,076	608,856	610,846	511,506	504,489	518,034	512,645
Operation and maintenance of plant services	553,167	476,078	500,328	381,449	520,512	420,374	529,775	558,584	651,804	421,483
Transportation services	1,123,211	316,077	420,497	273,010	288,794	306,733	326,744	358,803	364,074	328,578
Non-instructional programs	-	-	-	-	-	-	-	-	-	500
Other expenditures:										
Facilities and equipment acquisition	374,818	299,809	475,278	534,151	250,522	452,057	156,079	340,670	33,686	516
Long-term debt:										
Principal	451,087	200,000	180,000	170,000	170,000	160,000	245,903	257,501	109,989	217,611
Interest and other charges	8,049	16,466	28,083	34,152	39,712	45,153	53,613	62,198	148,392	154,390
AEA flow through	203,455	196,349	197,449	217,172	212,813	182,896	174,153	169,290	162,508	184,103
Total	\$7,971,212	\$6,683,339	\$6,915,455	\$6,332,361	\$6,460,779	\$6,399,904	\$6,142,583	\$6,186,086	\$5,820,266	\$5,570,326



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Education of the
Akron-Westfield Community School District

We have audited, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Akron-Westfield Community School District's basic financial statements, and have issued our report thereon dated February 4, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Akron-Westfield Community School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Akron-Westfield Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Akron-Westfield Community School District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control over financial reporting that we consider to be a material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings as item II-A-14 and II-B-14 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Akron-Westfield Community School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance or other matters that are described in Part III of the accompanying schedule of findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2014 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Akron-Westfield Community School District's Response to Findings

The Akron-Westfield Community School District's response to findings identified in our audit is described in the accompanying schedule of findings. Akron-Westfield Community School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Akron-Westfield Community School District during the course of our audit. If you have any questions concerning any of the above matters, we would be pleased to discuss them with you at your convenience.

Williams & Company, P.C.
Certified Public Accountants

Le Mars, Iowa
February 4, 2015

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
Schedule of Findings
For the Year Ended June 30, 2014

Part I: Summary of the Independent Auditor's Results

- (a) Unmodified opinions were issued on the financial statements.
- (b) Material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

There were no prior year audit findings.

MATERIAL WEAKNESSES:

II-A-14 Financial Reporting

Observation – During the audit, we identified material audit adjustments relating to various revenue and expense accounts, as well as to the recording of receivables, payables and capital assets in the District's financial statements. Adjustments were subsequently made by the District to properly include and correct these amounts in the financial statements.

Recommendation – The District should implement procedures to ensure all revenue and expenses are properly classified and all receivables, payables and capital asset activity is identified and included in the District's financial statements.

Response – We will double check these in the future to avoid missing any payables or capital asset transactions.

Conclusion – Response accepted.

II-B-14 Financial Accounting – Segregation of Duties

Observation – The School District accountant is involved in almost all phases of the finance operations, including check preparation, preparation of journal entries, as well as financial reporting and statements. We did note that invoices/claims are not paid until reviewed by the superintendent.

Recommendation – With a limited number of personnel, segregation of duties is difficult. The School District has implemented management review procedures which we feel aid in improving the internal controls of the School District. However, we comment that this weakness exists and the duties of the accountant should be continually monitored by management.

Response – The District feels that additional personnel would not be cost effective. However, management will continue to monitor transactions on a regular basis.

Conclusion – Response accepted.

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
Schedule of Findings
For the Year Ended June 30, 2014

Part III: Other Findings Related to Statutory Reporting:

- III-A-14 Certified Budget – Expenditures for the year ended June 30, 2014 exceeded the amounts budgeted in the other expenditure function.
- Recommendation – The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.
- Response – Future budgets will be reviewed to ensure proper classification of the amendment.
- Conclusion – Response accepted.
- III-B-14 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- III-C-14 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- III-D-14 Business Transactions – No business transactions between the District and District officials or employees were noted.
- III-E-14 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- III-F-14 Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.
- III-G-14 Certified Enrollment – A variance of (1.0) was identified in basic enrollment data certified to the Iowa Department of Education in October 2013. This variance was discovered by the Department of Education and the District agrees with the variance.
- III-H-14 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- III-I-14 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.
- III-J-14 Certified Annual Report – The Certified Annual Report was certified timely to the Department of Education.
- III-K-14 Categorical funding – No instances were noted of categorical funding being used to supplant rather than supplement other funds.
- III-L-14 Statewide Sales and Services Tax – No instances of non-compliance with the use of the statewide sales and services tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales and services tax. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2014, the District reported the following information regarding the statewide sales, services, and use tax revenue in the District's CAR:

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
Schedule of Findings
For the Year Ended June 30, 2014

Part III: Other Findings Related to Statutory Reporting (Continued)

Beginning Balance			\$ 496,642
Revenues:			
Sales tax revenues	\$ 409,983		
Other local revenues	<u>23,157</u>	433,140	
Expenditures:			
School infrastructure construction	374,818		
Equipment purchased	<u>39,520</u>	(414,338)	
Ending Balance			<u>\$ 515,444</u>

For the year ended June 30, 2014, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

III-M-14

Student Activity Fund – In accordance with Chapter 298A.8 of the Code of Iowa and Iowa Administrative Rule 281-12.6(1), monies in the Student Activity Fund should be used to support only the extracurricular and co-curricular activities offered as part of the District's educational program. All accounts reported in the Special Revenue, Student Activity Fund appear to be extracurricular or co-curricular in nature.